



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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Comptroller

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DR. KENNETH M. STONE, CPA  
Internal Audit Executive

July 26, 2011

Honorable James W. Murphy  
Sheriff's Office, City of St. Louis  
1114 Market Street, Suite 112  
St. Louis, Mo 63101

RE: Revenue Review of Transportation of Prisoners – Sheriff's Office  
(Project #2011-34)

Dear Honorable Murphy:

Enclosed is the Internal Audit Section's revenue review report of the Transportation of Prisoners – Sheriff's Office for the period January 1, 2009 through October 31, 2010. A description of the scope of our work is included in the report.

Fieldwork was completed on February 15, 2011. Management's responses to the observations and recommendations noted in the report were received on July 11, 2011, and have been incorporated in the report.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure:

cc: Major George Harsley, Administrative Section Commander  
Lt. Ray Harris, Commander of Services



# CITY OF ST. LOUIS CITY OF ST. LOUIS

**CITY OF ST. LOUIS**

**SHERIFF'S OFFICE**

**REVENUE REVIEW OF TRANSPORTATION OF PRISONERS**

**JANUARY 1, 2009 THROUGH OCTOBER 31, 2010**

**Project #2011-34**

**DATE ISSUED: JULY 26, 2011**

**Prepared by:  
The Internal Audit Section**



# OFFICE OF THE COMPTROLLER OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
SHERIFF'S OFFICE  
REVENUE REVIEW OF TRANSPORTATION OF PRISONERS  
JANUARY 1, 2009 THROUGH OCTOBER 31, 2010**

**EXECUTIVE SUMMARY**

**Purpose**

The Internal Audit Section (IAS) has completed a revenue review of the transportation of prisoners for the Sheriff's Office. The purpose was to determine if the Sheriff's Office has adequate controls in place to provide reasonable assurance of the following:

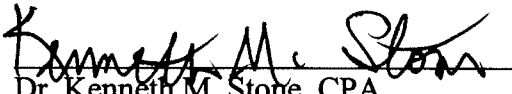
- All revenues are recorded and reported in a timely manner
- Revenues are properly classified and adequately described
- Revenue policies exist, if they are adequate and properly applied on a consistent basis
- All city ordinances, state statutes or other legal guidelines are being followed
- Policy and procedures exist to insure the safeguarding of assets

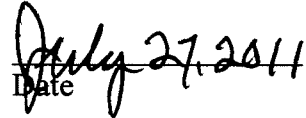
**Conclusion**

The opportunity exists for the Sheriff's Office to ensure compliance with state statute, U.S. Marshals Service and GAAP (Generally Accepted Accounting Principles). The following are observations resulting from the review:

1. Opportunity to improve transportation of prisoners billing documentation
2. Opportunity to update written policies and procedures
3. Opportunity to automate the transportation of prisoner billing

Each of these observations is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

  
Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

  
Date July 27, 2011

**CITY OF ST. LOUIS  
SHERIFF'S OFFICE  
REVENUE REVIEW OF TRANSPORTATION OF PRISONERS  
JANUARY 1, 2009 THROUGH OCTOBER 31, 2010**

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## **INTRODUCTION**

### **Background**

The Sheriff's Office is responsible for the courtroom security of the Circuit Court and the transportation of prisoners between the courts and detention facilities. The Sheriff's Office has the duty of serving court papers and eviction notices and issuing jury summons and gun permits.

### **Purpose**

The purpose was to determine if the Sheriff's Office has adequate controls in place to provide reasonable assurance of the following:

- All revenues are recorded and reported in a timely manner
- Revenues are properly classified and adequately described
- Revenue policies exist, if they are adequate and properly applied on a consistent basis
- All city ordinances, state statutes or other legal guidelines are being followed
- Policy and procedures exist to insure the safeguarding of assets

### **Scope and Methodology**

We confined the review to evaluating the Sheriff's Office transportation of prisoners over the period January 1, 2009 through October 31, 2010. Our procedures included inquiries of management and staff, observation of relevant processes and reviews for compliance with policies and procedures, as well as applicable laws and regulations. We performed limited tests of controls, review of prior audit reports and performed other procedures considered necessary.

### **Exit Conference**

The Sheriff's Office was offered the opportunity for an exit conference on June 28, 2011; however, it was declined.

### **Management's Responses**

Management's responses to the observations and recommendations noted in this report were received from the Sheriff's Office on July 11, 2011. The responses have been incorporated into this report.

## **OBSERVATIONS**

### **Status of Prior Observations**

There were no recent reviews of the Sheriff's Office – Transportation of Prisoners.

### **Summary of Current Observations**

The opportunity exists for the Sheriff's Office to ensure compliance with state statute, U.S. Marshals Service and GAAP. The following are observations resulting from the review:

1. Opportunity to improve transportation of prisoners billing documentation
2. Opportunity to update written policies and procedures
3. Opportunity to automate the transportation of prisoner billing

Each of these observations is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

## **DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES**

### **1. Opportunity To Improve Transportation Of Prisoner Billing Documentation**

The Federal Transport Log (Sheriff's Office original source document) used for billing the U.S. Marshals Service was incomplete and incorrectly filled out. Therefore, the Sheriff's Office Federal Transport Log could not be used to verify the hours or miles billed to the U.S. Marshals Service as follows:

- The original request form from the customer, listing the prisoners to be transported was not included.
- Transportation of prisoners billings contained errors:
  - Incorrect mileage reimbursement rate occurred in nine out of the 30 Certificate of Delivery and one out of the 11 Public Vouchers for Purchases and Services Other Than Personal. The mileage reimbursement rate used was \$0.505 per mile instead of \$0.550 per mile, a difference of \$0.045 per mile. A total of 11,568 miles reimbursed at the incorrect rate resulting in under-billing of \$520.56 ( $\$0.045 \times 11,468$  miles)
  - Errors on the number of prisoners billed occurred on three out of 30 Certificates of Delivery, resulting in the over billing of \$319.00 for the transportation of five prisoners.
  - A mathematical error occurred on one out of 11 Public Voucher for Purchases and Services Other Than Personal, resulting in an under billing of \$1.51.

Good management practices require adequate documentation for billing of services provided. Adequate documentation would include, but not limited to, the original customer request and detail showing actual time or miles traveled. The U.S. Marshals Service contract and State Statue, Chapter 57 Sheriffs Section 57.290, that covers the billing of the transportation of prisoners specifies the reimbursement rates.

The department did not establish adequate documentation and instruction on how to fill out the Certificates of Delivery or Public Voucher for Purchases and Services Other Than Personal forms used for the billing of transportation of prisoner. Responsibility was not assigned to periodically review the reimbursement rates or to review for billing errors.

The lack of proper documentation results in the inefficient use of resources and the potential loss of revenue. The incorrect calculation of the transportation of prisoner billing could result in a liability to the City of St Louis.

## 1. Continued

### Recommendation

It is recommended that:

- The Sheriff's Office obtains and attaches all supporting documents for the transportation of prisoners to the Certificates of Delivery or Public Voucher for Purchases and Services Other Than Personal billing forms.
- The Sheriff's Office should develop and document written policies and procedures for the billing of the transportation of prisoners outlining required documentation and instruction on how to fill out the Certificates of Delivery or Public Voucher for Purchases and Services Other Than Personal billing forms.
- The Sheriff's Office should maintain a table of reimbursement rates used in the billing for the transportation of prisoners.
- The reimbursement table should be periodically reviewed to ensure the rates are current.
- The calculation of the monthly billings should be reviewed and signed off by the clerk's supervisor.

### Management's Response

*The Missouri Dept. of Corrections sends letters each time the mileage reimbursement rate changes. According to the Missouri Dept. of Correction letters the mileage reimbursement rate from July 1, 2008 to June 30, 2009 was \$0.505 per mile, and that is the rate for which we billed and were reimbursed. Per your finding in the Statute 57.290 #4, mileage reimburse should be in accordance with IRS rate, which you noted at \$0.550 per mile. Our initial request to the DOC was to see why there was a difference & it was explained that "due to lack of funding, the State did not raise the rates". We have since inquired if we can get the balance of the funds to be in compliance with the State Statute.*

*We went through this item with the Auditor & don't feel we should be sited for the above. The Sheriff's Office was reimbursed for all prisoners that were transported and included on the Certificate of Delivery. If an individual is missed on a Certificate of Delivery, we have steps in place to get that corrected, get a certificate of delivery from the DOC & include it for reimbursement to the State. The above is not questioning prisoners omitted; it is questioning prisoners included, which is not an issue.*

*After reviewing the records, this error was found to be true on a US Marshall Billing which was due to a transposed number and mathematical error not caught by the Sheriff's Dept. or the US Marshals.*



## **1. Continued**

*The contract with the US Marshals supplied to auditors does cover most issues. The contract states that mileage is reimbursed in accordance with the current GSA mileage rate, for which we are in compliance. While the contract does not write out the mileage from the St. Louis Justice Center to the Federal Courthouse is billed at 1 Mile & 1 Hour and that mileage from St. Louis Justice Center to MSI is billed at 7 Miles & 1 Hour time, these are standard and accepted rates. All other clinic and transportation runs for US Marshal prisoners are done on the actual time and mileage. The rate per guard is lined out in the contract, and we are in compliance with the \$22.66 as stated in the agreement. The US Marshals send the Sheriff's Department a list of what prisoners they want transported, to where & when. From their "US Marshal" order form we move the prisoners & bill accordingly.*

*The Sheriff's Dept. did provide policies and procedures to the auditors. While the policies omit, what to type on the form, we feel it is pretty simple to fill in the boxes as they are clearly labeled.*

*Per your suggestion we have made a spreadsheet reflecting these rates & will update it accordingly.*

*Supervisor will periodically review procedures and billings.*

## **2. Opportunity To Update Written Policies And Procedures**

Written policy and procedures for the billing and collection of revenue for the transportation of prisoners was incomplete. The current policy and procedures were missing steps on:

- Procedures for tracking billings issued and receipt of payment.
- Policy and procedures for handling of late payments:
  - Policy on when a payment is considered late.
  - How to calculate any late penalties or interest on late payments.
- Procedures on handling receipt of payments.
- Policy and procedures for the cashier function.

Good management practices require the staff be provided with detailed written policies and procedures. Detail policies and procedures provide the staff with training and guidance on how to document transportation of prisoners.

The responsibility was not assigned to review and update the policy and procedures used in the billing and collection of revenue for the transportation of prisoners.

Lack of written policy and procedures may result in the loss of revenue by not following appropriate procedures.

## **2. Continued**

### **Recommendation**

It is recommended that:

- An individual is assigned to develop, update and document the policy and procedures for billing and collection of revenue for the transportation of prisoners.
- The policy and procedures should include details of the types of prisoners whose transportation are billable, and how to handle late payments.
- An individual is assigned to periodically review the policy and procedures for accuracy.

### ***Management Response***

*This audit brought to light the timeliness of payments according to the US Marshall Agreement is 30 days from the date of submission and they are in compliance. If late payments become a problem, we can address them according to the contract.*

*We have taken all advisements from past audits & put them into effect.*

*Cashier will update procedures to specifically reflect transportation payments*

*The above recommendations are noted.*

## **3. Opportunity To Automate The Transportation Of Prisoners Billing**

The Sheriff's Office is manually billing, tracking and recording the receipt for the transportation of prisoners. The manual record keeping does not generate or consolidate into the monthly financial statements of the City.

Good management practices require the use of available tools and software to help in effectively and efficiently maintaining the accounting and financial records of the department.

The responsibility is not assigned in the Sheriff's Office to investigate the possibility of using the City of St Louis general ledger.

The result of not using the automated general ledger may result in unreliable data and loss of control. The manual record keeping is inefficient and is a potential source of human error.

### 3. Continued

#### **Recommendation**

It is recommended that the Sheriff's Office investigate the possibility of using the City's general ledger system to record and track the billing of transportation of prisoner revenue.

#### ***Management Response***

*The Missouri Department of Corrections handles all billings, and all 114 counties of Missouri do them manually. This is the only way that they are equipped to be processed, as the documents travel with the prisoners and are signed off by different individuals at different entities (i.e. DOC & Sheriff's Dept.)*

*Updates to this process had been made prior to this audit. Please note, at this time it is not possible to automate all areas of the prisoner transporting records.*

*Our past efforts to utilize the City's general ledger system failed, perhaps we will revisit if the City changes to a system that is user friendly and would better serve us all.*